

Need, Challenge, and (partial) Success

Affordable Housing in Virginia

**Presentation to the
Virginia Housing Commission
October 21st, 2020
by Steve Lawson**

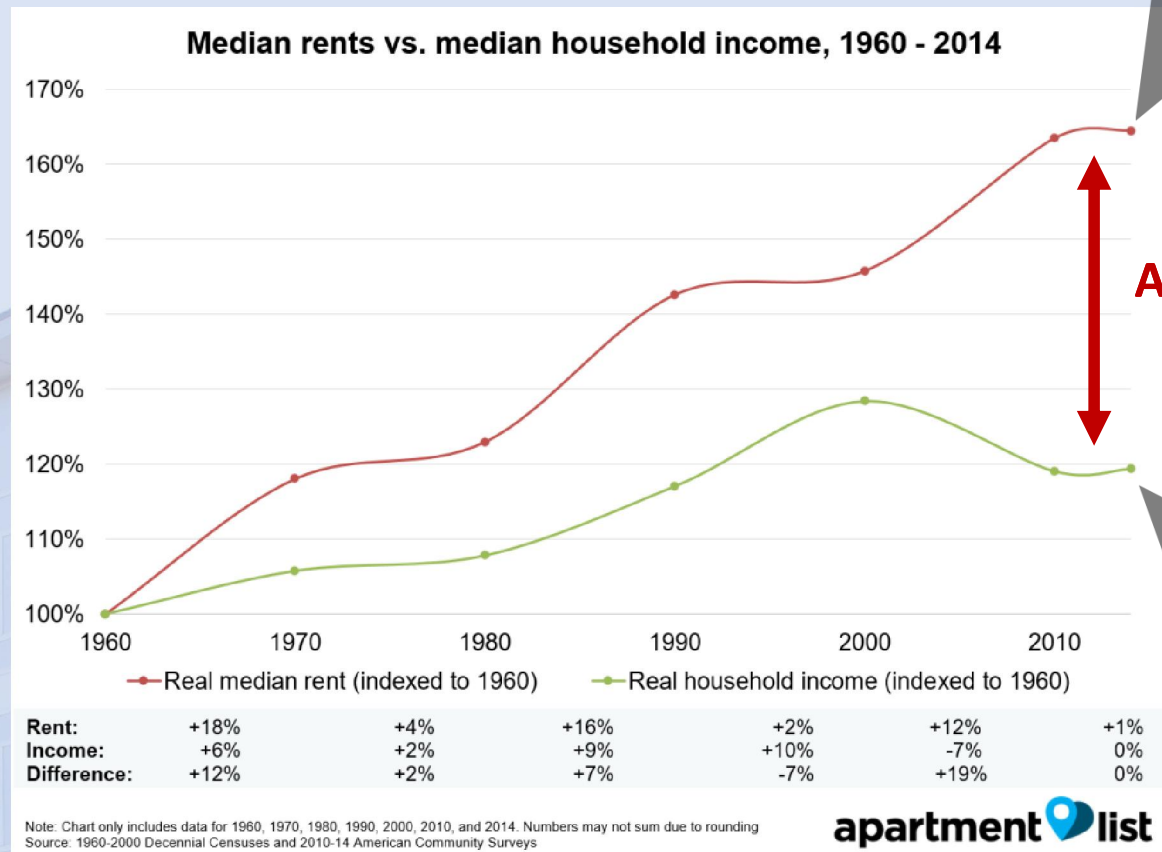


Agenda

- **The Need for Affordable Housing**
- **The Challenge to Production and Preservation**
- **The Success We Have Found (is not enough)**

The Need...is great

For many decades incomes have risen very little, but the cost of housing continues to go up



+65%

**The
Affordability
Gap is
45%**

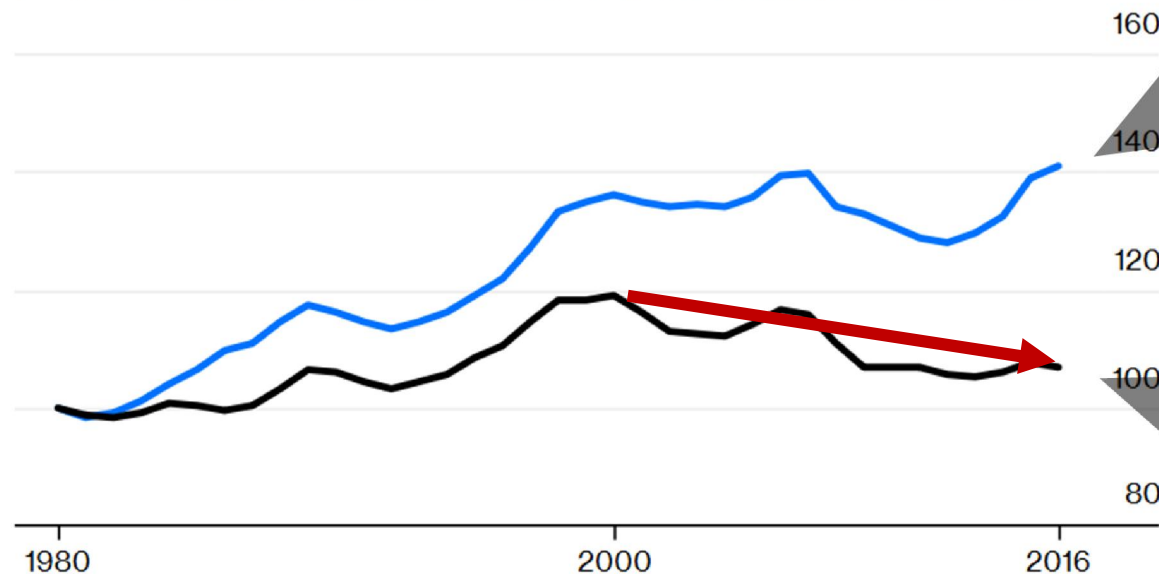
+20%

The Need...is great

The St. Louis Fed illustrates it like this →

Less Housing for the Buck*

Real median personal income / Rent-adjusted median personal income



+42%

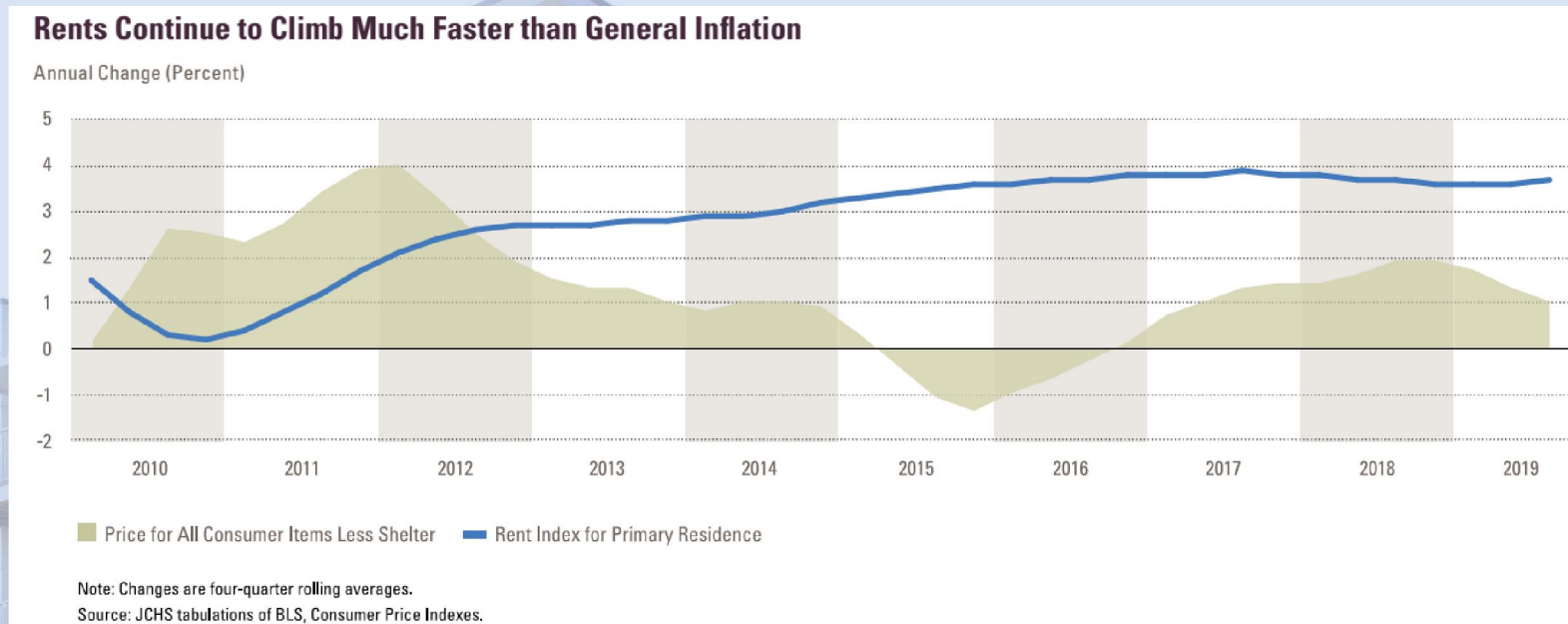
+8%

Source: Federal Reserve Bank of St. Louis
* Index 1980 = 100

Most of the income gains in the last 30 years are going to pay for housing

The Need...is great

- In the seven-year period from 2012 to 2019, the CPI for rent of primary residences rose 28%
...more than four times faster than the 6% rise in the CPI for all items less shelter



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The Challenge for New Construction

- **NIMBY is alive and well**
- **Structural Impediments**
 - **Exclusionary Zoning & Econ 101**
- **Costs**
 - **Land Costs**
 - **Construction Costs**
- **COVID-19**
 - **Delays (Entitlement, Site Approvals, Permitting, and Construction)**
 - **Supply Chain Problems**

Exclusionary Zoning

Suburban zoning restricts the supply of housing and is typically exclusionary and outdated.

A recent report by the Brookings Institution notes that:

- Land use regulation and local property taxes *badly* need a 21st century makeover
- Low density, single-family housing will *NOT* accommodate population growth
- Far too many local governments still have zoning that prioritizes large-lot single family homes
- For housing supply to grow, more localities need to update their zoning, building codes, and property taxes to *allow and incentivize higher density housing*, particularly near employment centers and transportation infrastructure

Economics 101

	Household Growth		Housing Completions	Difference
	Percent	Number (Millions)	(Units, M)	
1970s	2.4	1.68	1.70	24,800
1980s	1.3	1.13	1.49	364,400
1990s	1.4	1.40	1.33	-72,300
2000s	1.0	1.14	1.56	420,900
2010s	0.9	1.04	0.88	-160,200
Average*	1.4	1.25	1.40	150,800

Source: CBRE Research, U.S. Census Bureau, Moody's Analytics, Q1 2019. *Average for entire period.

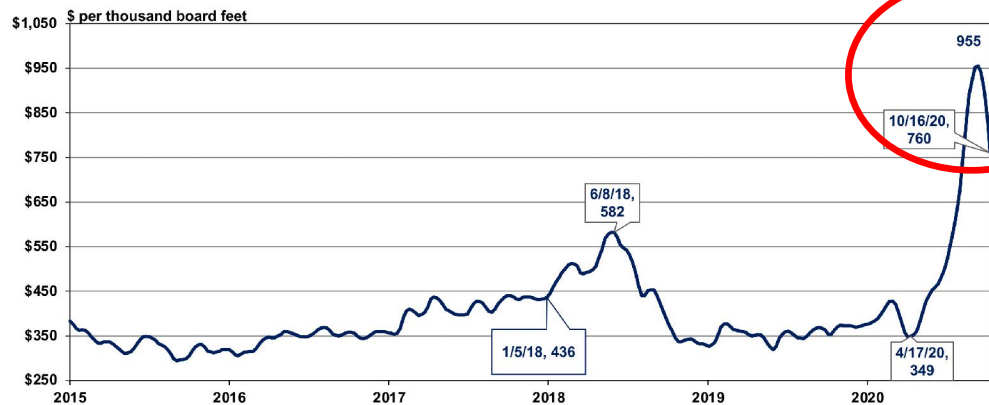
160,200 fewer housing units than households... per YEAR!

- Supply is limited, so prices go up...
- Over the past decade, U.S. housing construction has not kept pace with household formation even though household growth continues to edge down
- The undersupply is even greater if obsolescence is factored into the equation
- This undersupply has been a major contributor to rising single-family home sales prices and multifamily rents

Material Costs – Lumber Prices

Building Materials – Lumber Prices

Current October price \$840; up 140% since mid-April but down 12% since Sep. 18th



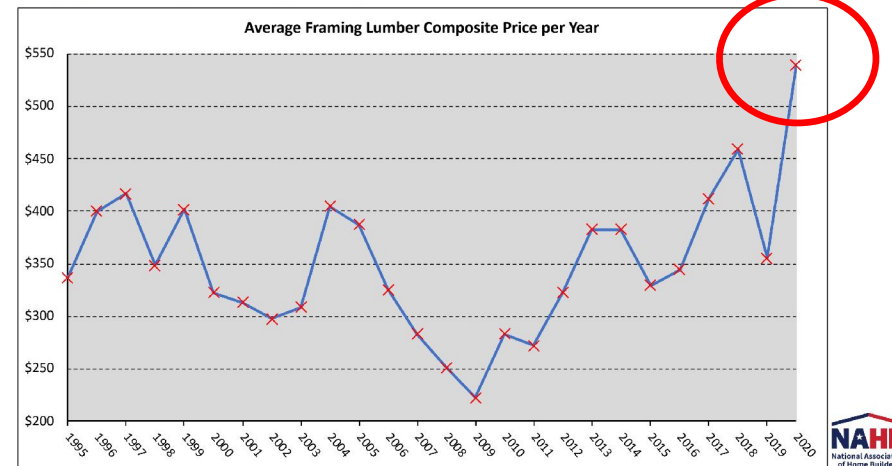
Source: NAHB Analysis; Random Lengths Composite Index



- Lumber prices are now at all-time highs

Building Materials Prices – Lumber

All-time, inflation-adjusted highs this year



Source: NAHB Analysis; Random Lengths



The Challenge for Preservation

- **“Value-Add” buyers bidding up property values**
 - Beyond the reach of tax-exempt bonds and 4% tax credit financing structures
- **Naturally Occurring Affordable Housing (NOAH) is being converted to higher rents**

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The Success...

- **LIHTC Program**
- **Virginia Housing**
 - One of the best Housing Finance Agencies in the nation
 - REACH Funds
- **Greater realization of the affordability problem**
- **State Housing Trust Fund**
- **Potential state tax credit**

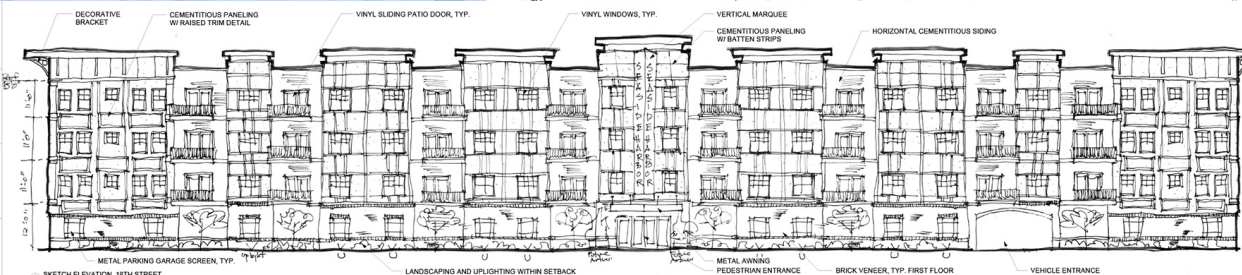
The Success...

- **LIHTC – The most successful affordable housing program ever**
 - More than 3 million affordable units produced since 1987
 - Universally high occupancy
 - Miniscule foreclosure rate
 - True public/private venture
 - Sponsors and investors have skin in the game for the long haul

The Success...

- Here are a few of our most recent efforts to add to the supply of affordable housing





1 SKETCH ELEVATION, 18TH STREET
N.T.S.

LANDSCAPING AND UPLIGHTING WITHIN SETBACK

METAL PARKING GARAGE SCREEN, TYP.

METAL AWNING
PEDESTRIAN ENTRANCE

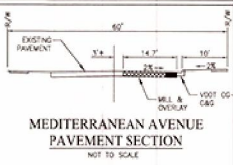
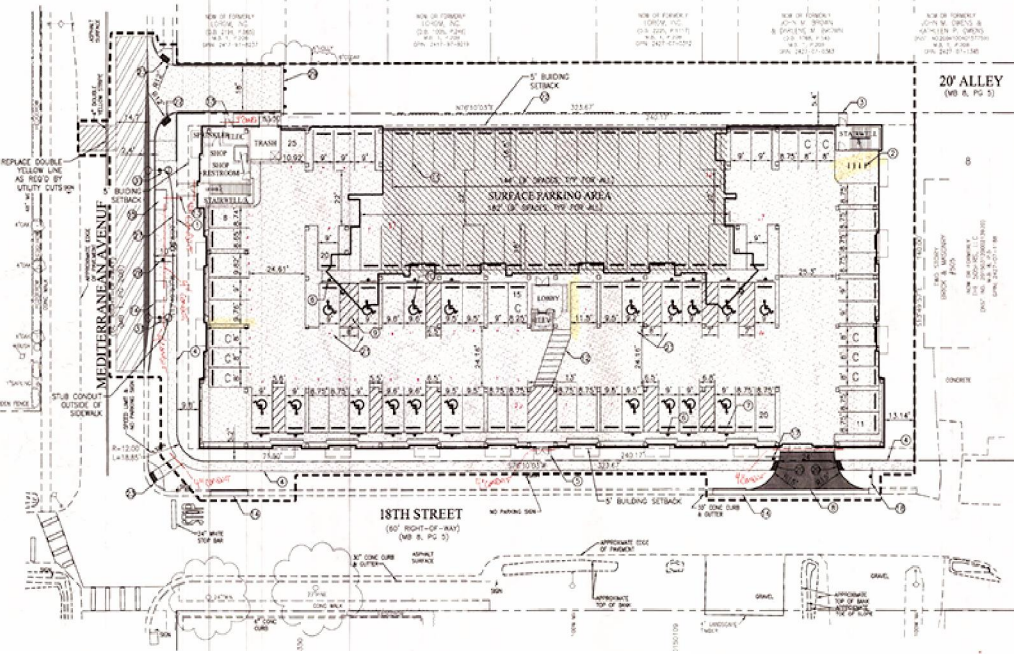
BRICK VENEER, TYP. FIRST FLOOR

VEHICLE ENTRANCE

SEASIDE HARBOR

NOTE:

DUMPSTER SHALL NOT BLOCK ALLEY
DUMPSTER SHALL BE ROLLED OUT OF
DUMPING AND RETURNED TO BUILDING
IMMEDIATELY AFTER DUMPING.



MEDITERRANEAN AVENUE
PAVEMENT SECTION
NOT TO SCALE

LAYOUT LEGEND

- ASPHALT PAVEMENT
- PERMEABLE PAVEMENT
- CONCRETE
- MILL & OVERLAY (1-1/2")
- B=0 LIGHTPOLE
- C COMPACT SPACE
- RIGHT-OF-WAY LINE
- LIMITS OF DISTURBANCE

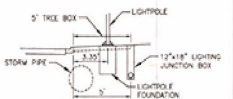


LAYOUT KEYNOTES

- 1 CONCRETE SIDEWALK FROM BACK OF CURB TO PROPERTY LINE
- 2 BIKE RACK WITH 4 HOOPS
- 3 5' CONCRETE PAD
- 4 4' CONCRETE SIDEWALK
- 5 8' CONCRETE SIDEWALK
- 6 HANDICAP PARKING SIGN, TYP
- 7 WHEEL STOP, TYP
- 8 TRUCKWAY ASPHALT ENTRANCE, MODIFIED CO-90
- 9 PAINTED SOLID 4" WIDE LINE @ 5' O.C. @ 45, BLUE, TYP
- 10 PAINTED SOLID BLUE HANDICAP SYMBOLS, TYP
- 11 PAINTED SOLID 4" WIDE LINE, WHITE, TYP
- 12 NOT USED
- 13 5' CONCRETE SIDEWALK
- 14 VDOT CO-6, TYP
- 15 5'x8' TREE PIT
- 16 NOT USED
- 17 NO PARKING SIGN (RELOCATED)
- 18 NOT USED
- 19 DETECTABLE WARNING (TRUNCATED DOWNS)
- 20 VAN ACCESSIBLE HANDICAP SPACE
- 21 MODIFIED CO-12 HANDICAP RAMP, TYPE B
- 22 VDOT CO-12 HANDICAP RAMP, TYPE A
- 23 NOT USED
- 24 NOT USED
- 25 2" PVC CONDUIT FOR STREET LIGHTS
- 26 STOP SIGN AHEAD & NO PARKING SIGN (RELOCATED)
- 27 (3) END OF ROADWAY SIGN, MUTED DM-2
- 28 BLUE RAISED PAVEMENT MARKERS, D-29
- 29 JUNCTION BOX & STREET LIGHT FOUNDATION
- 30 NOT USED

LAYOUT NOTES

1. DIMENSIONS ARE TO FACE OF CURB OR EDGE OF PAVEMENT WHERE NO CURB EXISTS.
2. TRAFFIC ON EXISTING ROADWAYS MUST BE MAINTAINED DURING CONSTRUCTION WHEN ANY WORK IS BEING PERFORMED WITHIN THE EXISTING RIGHT OF WAY. THE MAINTENANCE OF TRAFFIC PLAN FOR THIS WORK MUST BE IN CONFORMANCE WITH THE VIRGINIA WORK AREA PROTECTION MANUAL AND ANY OTHER SPECIAL PROVISIONS LISTED IN THE VDOT LAND USE PACKAGE FOR THIS SITE.
3. DEVELOPER IS RESPONSIBLE FOR ALL SIGNAGE AND ROADWAY LIGHTING.
4. ALL TRAFFIC CONTROL DEVICES INCLUDING, BUT NOT LIMITED TO, PAVEMENT MARKINGS AND SIGNS, SHALL BE IN ACCORDANCE WITH THE 2009 MUTCD REVISION 2 AND CITY OF VB STANDARDS AND SPECIFICATIONS.
5. SEE SHEET C200 FOR PAVEMENT SECTIONS.
6. ALL HANDICAP PARKING SPACES ARE 9'x18' MINIMUM WITH AN 5'x18' MINIMUM ACCESS AISLE, UNLESS OTHERWISE NOTED.
7. REGARDING KEYNOTES 18 & 28, EXISTING NO PARKING SIGNS ARE TO BE RELOCATED TO MAINTAIN PARKING RESTRICTIONS.



VERGE DETAIL
NOT TO SCALE

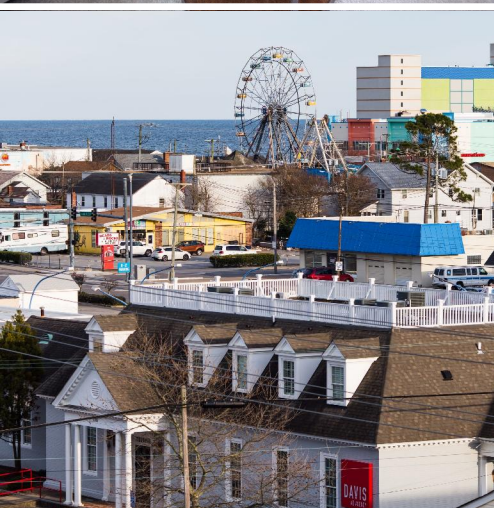


SCALE: 1"=20'

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SEASIDE HARBOR APARTMENTS
SITE PLAN
MEDITERRANEAN AVENUE AND 18TH STREET
VIRGINIA BEACH, VIRGINIA

SHEET NO. C200



SEASIDE HARBOR